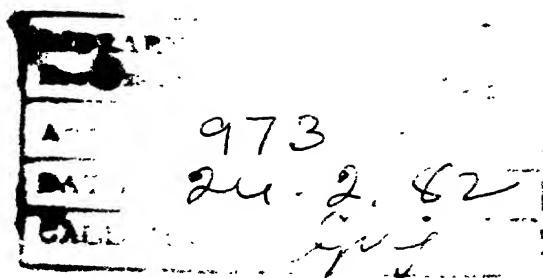


SPEECH OF
SHRI KANTILAL GHIYA
MINISTER FOR FINANCE
BUDGET ESTIMATES 1972-73

GUJARAT LEGISLATIVE ASSEMBLY
26th June, 1972.

[PART-B]



I shall now deal with the budget estimates for this year. The budget estimates presented in March, 1972 for 'Vote on Account' grants showed revenue surplus of Rs. 29.31 crores. The present estimates show a revenue surplus of Rs. 20.37 crores on the basis of existing levels of taxation as follows :—

	(Rs. in crores)
Revenue receipts	2,71.44
Revenue expenditure	2,51.07
Revenue surplus (+)	<u>(+)20.37</u>

The receipts and expenditure have gone up by Rs. 8.92 crores and Rs. 17.86 crores respectively.

The increase in receipts is mainly due to larger receipt on account of share in Central taxes (Rs. 3.77 crores) and Government of India grant in respect of Centrally sponsored and Central sector schemes and agricultural wealth tax (Rs. 4.92 crores). The increase in expenditure is due to amounts now provided for new items on account of Plan schemes as well as non-Plan schemes including Centrally sponsored and Central sector schemes.

Comparing the estimates with the revised estimates of the last year, there is an increase of Rs. 24.45 crores in receipts and Rs. 24.79 crores in expenditure. The receipts mainly include the amounts on account of share in Central taxes (Rs. 52,64.24 lakhs), Central assistance for Plan (Rs. 9,19.50 lakhs) and Central assistance for Centrally sponsored and Central sector schemes (Rs. 23,41.41 lakhs). In addition, the amounts on account of sales tax (Rs. 78,56.00 lakhs), interest (Rs. 22,71.35 lakhs), other taxes and duties (Rs. 25,51.70 lakhs), land revenue (Rs. 6,91.45 lakhs), taxes on vehicles (Rs. 8,83.50 lakhs), stamps (Rs. 7,93.45 lakhs) and industries (Rs. 5,65.48 lakhs).

On the expenditure side, amounts provided are mainly under debt services (Rs. 31,87.79 lakhs), administrative services

(Rs. 26,12.63 lakhs), social and developmental services (Rs. 1,09,58.17 lakhs), irrigation (Rs. 21,58.60 lakhs), miscellaneous (Rs. 29,03.02 lakhs) and public works (Rs. 13,92.47 lakhs).

The budget provisions for capital expenditure are Rs. 54.79 crores as against the amount of Rs. 40.68 crores shown in 'Vote on Account' Budget Estimates. The important provisions are Rs. 32,96.23 lakhs for irrigation works, Rs. 7,88.06 lakhs for roads and buildings, Rs. 6,60.12 lakhs for industrial and economic development, Rs. 3,37.64 lakhs for public health, Rs. 2,35.10 lakhs for ports and Rs. 1,31.59 lakhs for forests. As against the amount of Rs. 15.70 crores provided for loans and advances in the earlier budget estimates, an amount of Rs. 22.60 crores is provided now for this purpose.

The budget estimates for 1972-73 presented in March 1972, showed an overall surplus of Rs. 20.61 crores. The budget estimates presented now, show an overall deficit of Rs. 8.95 crores as under :—

	(Rs. in crores)
Revenue surplus	.. (+) 20.37
Capital expenditure (net)	.. (—) 54.79
Debt heads including loans to be received from the Central Government and from the open market (net)	.. (+) 25.47
Overall deficit	.. (—) <u>8.95</u>

Sir, the House would be naturally anxious to know how I propose to cover the deficit of Rs. 8.95 crores exhibited in the Budget Estimates. I do not propose to cover the entire deficit by new taxation measures. Government intends to concentrate on the recovery of Government dues which are in arrear, and thus add to the resources of the State. If the agricultural year turns out to be good, there is likely to be some improvement in our

revenues, and there is also a possibility that our share of Central taxes will show some improvement consequent upon better realisations by the Government of India. We also hope to be able to persuade the Government of India to suitably increase the rate of Royalty on Crude Oil produced in Gujarat. If we succeed in mobilising larger small savings, there will be an improvement in the amount of the loan we get from the Government of India on this account.

Taking all these factors into consideration, the steps that I propose to take for mobilisation of additional resources, have been limited to yield an annual income of Rs. 343.90 lakhs and the receipts during the remaining part of the year are estimated at Rs. 253 lakhs.

The new taxation measures that I propose are as under :-

1. The rate of Passenger Tax is proposed to be raised from 23% to 25%. This will yield a revenue of about Rs. 80 lakhs in a full year and Rs. 55 lakhs in the remaining part of the current year. Municipal and adjacent areas will not be affected. I may add that this increase in Passenger Tax is not expected to be passed on to the travelling public, but will be borne by the Gujarat State Road Transport Corporation. Government will ensure that the legitimate capital requirements of Gujarat State Road Transport Corporation are made available to it. The necessary legislation to give effect to the above proposal will be introduced in the Assembly soon.

2. I propose to rationalise the present structure of Entertainment Duty. At present entertainment duty is chargeable as a prescribed percentage of the price of admission to an entertainment. I propose to prescribe a separate rate of entertainment duty for each succeeding rupee of the price of admission. This system of calculation and levy of entertainment duty will do away with certain anomalies from which the present system suffers. Entertainment Duty and Advertisement Tax are leviable at certain higher rates in certain major towns of the State. Having regard to the present level of population in the towns of Nadiad, Porbandar, Junagadh and Broach, I propose to

extend the application of the higher rates of entertainment duty and advertisement tax to the above towns.

The existing rates of Entertainment Duty are as under :—

I	Cities of Ahmedabad, Vadodara, Rajkot, Jamnagar, Bhavnagar and Surat.	II	Other Areas.
Slabs of payments for admission	Rates of Duty	Slabs of payments for admission	Rates of Duty
1. Upto Re. 1	30%	1. Upto 60 P.	25%
2. Above Re. 1 and upto Rs. 2.60.	40%	2. Above 60 P. and upto Re. 1.00	30%
3. Above Rs. 2.60 and upto Rs. 3.60.	50%	3. Above Re. 1.00 and upto Rs. 2.60.	35%
4. Above Rs. 3.60	60%	4. Above Rs. 2.60.	40%

I propose to revise them as under :—

I	Cities of Ahmedabad, Vadodara, Rajkot, Jamnagar, Bhavnagar, Surat, Broach, Junagadh, Nadiad and Porbandar.	II	Other Areas.
(i) On the first 100 Paise of payment or part thereof for admission.	35 per cent of such payment.	33 per cent of such payment.	
(ii) On the next 100 Paise of payment or part thereof for admission.	50 per cent of such payment.	42.5 per cent of such payment.	
(iii) On the balance of the total payment for admission.	60 per cent of such payment.	55 per cent of such payment.	

The estimated annual increase of revenue on this account is of the order of Rs. 100 lakhs of which Rs. 75 lakhs may be realised in the current year.

The rates of admission to entertainments will consequently increase to some extent, but I am sure that the public of Gujarat will not grudge this, and will console themselves with the thought that while they are entertaining themselves, they are also contributing to the development of the State.

Necessary legislation for this purpose will also be shortly introduced in the Assembly.

Sir, I also propose to withdraw certain exemptions from Sales Tax which are now in force. The proposals are as under:—

1. Chemical fertilisers are at present exempt from State as well as Central Sales Tax. I propose to withdraw these exemptions and accordingly, chemical fertilisers will be subject to 3% sales tax. Inter-State sales of fertilisers will also be subject to Central Sales Tax. The consequent increase in price per kilogramme will be only a few paise. I am sure that the farmers who are enjoying the benefits of the green revolution will cheerfully bear this small levy. The annual income on this account will be Rs. 126 lakhs and Rs. 94.5 lakhs in the remaining part of this year.

2. At present tea sold in packets or sealed containers is subject to 10% sales tax, while loose tea is subject to 8% sales tax. Expensive teas are also sold in loose form and the cheaper varieties of tea are available in packets. The original object of helping the poorer sections of the society is not being served by this exemption in favour of loose tea. Accordingly, I propose to withdraw this exemption in favour of loose tea. The annual receipts on this account will be Rs. 17.90 lakhs and Rs. 13.50 lakhs in the remaining part of the year.

3. At present spare parts and accessories of machinery, consumable stores, processing materials, fuel and lubricants and

packing, baling and marking materials purchased by the Textile Industry are subject to a concessional rate of 2% sales tax. I propose to limit the concession in such a way that the Textile Industry will have to pay 3% sales tax on its purchases of the aforesaid goods. The Textile Industry will still be enjoying certain concessions, even after the above change. The additional income on this account is estimated at Rs. 10 lakhs per annum and Rs. 7.5 lakhs in the current year.

4. Hardware articles enjoy an exemption and are chargeable with a tax of 7% instead of 8% which is the prescribed rate of tax. It has been found very difficult to clearly define what items are covered under the description of Hardware Articles. Besides the exemption of 1% in the tax rate has not brought any particular advantage to the trade. I accordingly propose to withdraw this exemption. The receipts on this account are expected to be Rs. 10 lakhs per annum and Rs. 7.5 lakhs during the remaining part of the current year.

Sir, an impression prevails outside the State of Gujarat that Gujarat is an affluent State, but as the Hon'ble Members know, about one-fifth of the population of Gujarat consists of Adivasis and Harijans. The State of Gujarat is much behind the national average so far as irrigation is concerned and in the matter of roads also, Gujarat has remained considerably behind the national average. Even in the matter of rural electrification, Gujarat lags behind many States. The forest area in the State of Gujarat is only 9.2 per cent, whereas, the national forest policy aims at 33 per cent of the total land area under forest. There are large areas in the State which are chronically drought affected and a very large number of villages are without adequate sources of drinking water. I have mentioned these factors just to outline to the House the magnitude of the tasks which faces the State. Some effort has been made to ameliorate the conditions of the economically weaker sections of the population by provisions made in the Budget Estimates. But the task to be fulfilled is a formidable one and naturally it will take time before all the outstanding problems are solved. Government is determined to fulfil the promises made to the electorate and I look forward

to the whole-hearted cooperation of this House in assisting the Government to fulfil its declared objectives of eradication of poverty, removal of under-employment and un-employment and provision of a minimum needs programme for the entire population of the State.

With these words, Sir, I present the budget.

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